

## **Debtor's Ex. 12**

FINANCIAL OVERSIGHT & MANAGEMENT BOARD  
FOR PUERTO RICO



David A. Skeel, Jr.  
Chair

Members

Andrew G. Biggs  
Arthur J. González  
Antonio L. Medina  
John E. Nixon  
Justin M. Peterson  
Betty A. Rosa

**BY ELECTRONIC MAIL**

June 3, 2022

The Honorable Pedro Pierluisi Urrutia  
Governor of Puerto Rico

The Honorable José Luis Dalmau Santiago  
President of the Senate of Puerto Rico

The Honorable Rafael Hernández Montañez  
Speaker of the House of Representatives of Puerto Rico

**Re: Compliance Certification for FY2022 Second Amended Territory Budget**

Dear Governor Pierluisi Urrutia, President Dalmau Santiago, and Speaker Hernández Montañez:

Pursuant to a Resolution, a copy of which is attached hereto as Exhibit A (the “Resolution”), adopted by the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), and Sections 202(d)(2) and 202(e) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), the Oversight Board hereby issues to the Governor and the Legislature this compliance certification that the fiscal year 2022 revised Second Amended territory budget of the Commonwealth of Puerto Rico, as developed by the Oversight Board pursuant to Section 202(d), consisting of the document attached hereto as Exhibit 1, is a compliant budget as set forth in the Resolution.

The Oversight Board looks forward to continuing working with you to accomplish the requirements and goals of PROMESA for the benefit of the people of Puerto Rico.

Sincerely,

David A. Skeel, Jr.

Honorable Pierluisi Urrutia  
Honorable Dalmau Santiago  
Honorable Hernández Montañez  
June 3, 2022  
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Andrew G. Biggs  
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CC: Mr. Jaime A. El Koury  
Hon. Omar Marrero Díaz

**Exhibit A**

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**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO**

**JUNE 3, 2022**

**RESOLUTION CERTIFYING THE COMMONWEALTH OF PUERTO RICO'S  
FISCAL YEAR 2022 SECOND AMENDED BUDGET**

WHEREAS, on June 30, 2016, the federal Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") was enacted; and

WHEREAS, Section 101 of PROMESA created the Financial Oversight and Management Board for Puerto Rico ("the Board"); and

WHEREAS, Section 202(c) of PROMESA establishes a multi-step procedure for the development, review, and approval of a budget for the Commonwealth of Puerto Rico, providing that: (i) the Governor must submit a proposed budget to the Board; (ii) the Board must review the proposed budget and determine, in the Board's sole discretion, whether the proposed budget is compliant with the applicable fiscal plan; (iii) if the Board determines that the proposed budget is not compliant with the applicable fiscal plan, then the Board shall provide to the Governor a notice of violation that includes a description of any necessary corrective action and an opportunity to correct the violations; (iv) the Governor may correct any violations identified by the Board and submit a revised proposed budget to the Board; (v) if the Governor submits to the Board a proposed Budget and the Board determines the proposed Budget is a compliant budget, then the Board shall approve the Budget and submit the Budget to the Legislature; (vi) the Legislature shall then submit to the Board the Budget adopted by the Legislature by the time specified by the Oversight Board; and (vii) the Board shall determine whether the adopted budget is a compliant budget; and

WHEREAS, (i) pursuant to the Highways and Transportation Authority ("HTA")/Convention Center District Authority ("CCDA") Plan Support Agreement and paragraph 52 of the Commonwealth Confirmation Order, HTA is required to make certain one-time payments to creditors; (ii) the Commonwealth has agreed to extend a loan to HTA to cover a portion of these payments; (iii) the FY2022 Budget Amendment certified on February 22, 2022 included an appropriation in the amount of \$314,000,000 for the funding of the loan to HTA; (iv) there is currently a need to increase the amount of the loan to HTA by \$48,000,000; (v) this amount must be included in a revised fiscal year 2022 budget for the Commonwealth of Puerto Rico (the "Second Amended Fiscal Year 2022 Budget"); and

WHEREAS, on May 19, 2022, the Board submitted a schedule for the approval of a compliant Second Amended Fiscal Year 2022 Budget pursuant to PROMESA Section 202(a); and

WHEREAS, on May 19, 2022, the Governor submitted a proposed Second Amended Fiscal Year 2022 Budget; and

**Exhibit A**

(Page A-2)

WHEREAS, in accordance with Section 202(c)(1)(A), the Board (i) determined that the proposed Second Amended Fiscal Year 2022 Budget, as submitted by the Governor, is a compliant amended budget, (ii) approved the proposed Second Amended Fiscal Year 2022 Budget, as submitted by the Governor, and (iii) submitted the proposed Second Amended Fiscal Year 2022 Budget to the Legislature on May 23, 2022; and

WHEREAS, the Legislature was required to submit to the Board a Second Amended Fiscal Year 2022 Budget, as adopted by the Legislature, on May 26, 2022; and

WHEREAS, on May 26, 2022, the Legislature requested an extension of time, until May 31, 2022, to submit a Second Amended Fiscal Year 2022 Budget adopted by the Legislature; and

WHEREAS, on May 31, 2022, the Board approved the Legislature's request for an extension and sent a letter to the Legislature establishing a revised schedule for submitting, approving, and certifying the Second Amended Fiscal Year 2022 Budget, which included a deadline for the Legislature to submit the proposed adopted Second Amended Fiscal Year 2022 Budget to the Board by May 31, 2022; and

WHEREAS, on May 31, 2022, the Legislature failed to submit a proposed Second Amended Fiscal Year 2022 Budget to the Board for its review as contemplated in the Board's revised schedule; and

WHEREAS, Section 202(d)(2) of PROMESA provides, among other things, that if the Legislature fails to adopt a budget that the Board determines is a compliant budget by the time specified in the notice delivered under subsection (a), the Board shall develop a revised budget that is a compliant budget and submit it to the Governor and the Legislature; and

WHEREAS, Section 202(e) of PROMESA provides, among other things, that if the Governor and the Legislature fail to develop and approve a budget for the Commonwealth that is a compliant budget, the Board shall submit a budget to the Governor and the Legislature and such budget shall be (i) deemed to be approved by the Governor and the Legislature, (ii) the subject of a compliance certification issued by the Board to the Governor and the Legislature, and (iii) in full force and effect; and

WHEREAS, the Board has developed a revised Second Amended Fiscal Year 2022 Budget as a revised, compliant territory budget to the Governor and the Legislature pursuant to Sections 202(d)(2) and 202(e) of PROMESA, which budget is attached hereto as Exhibit 1 (the "Revised Compliant Second Amended Fiscal Year 2022 Budget"); and

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT, pursuant to Sections 202(d)(2) and 202(e) of PROMESA, the Board shall submit to the Governor and the Legislature the Revised Compliant Second Amended Fiscal Year 2022 Budget, and such Revised Compliant Second Amended Fiscal Year 2022 Budget shall be (i) deemed to be approved by the Governor and the Legislature, (ii) the subject of a compliance certification, in the form of this Resolution, which shall also be issued by the Board to the Governor and the Legislature, and (iii) in full force and effect beginning on June 3, 2022.

JUNE 3, 2022

## RESOLUTION

To amend the Joint Resolution of the General Budget for the Fiscal Year 2022 from \$12,507,515,463 to \$12,555,515,463 by appropriating funds from General Fund of the State Treasury for the operating expenses of the Government of Puerto Rico for the fiscal year ending June 30, 2022;

## STATEMENT OF MOTIVES

In 2016, Puerto Rico faced an unsustainable burden of more than \$70 billion in debt and over \$50 billion in unfunded pension liabilities, which led the Government of Puerto Rico to default for the first time in its history and lose access to capital markets. That same year, the United States Congress passed the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"), to allow Puerto Rico to restructure its debt, achieve fiscal responsibility, and regain access to capital markets.

PROMESA established the Financial Oversight and Management Board for Puerto Rico ("FOMB") and provided a mechanism for the FOMB to negotiate with creditors on behalf of Puerto Rico to adjust the debt to sustainable levels. In accordance with the provisions of PROMESA, the FOMB submitted to the Title III Court the Plan of Adjustment ("POA"), to restructure the debt of the of Highways and Transportation Authority ("HTA") which will require certain one-time payments to creditors. The Commonwealth has agreed to extend a loan to HTA to cover a portion of these payments and the FY2022 Budget Amendment certified on February 22, 2022 included an appropriation in the amount of \$314,000,000 for the funding of the loan to HTA. There is currently a need to amend the Joint Resolution of the General Fund Budget for the Fiscal Year 2021-2022 to increase the amount of the loan to HTA by \$48,000,000.

*BE IT RESOLVED BY THE PUERTO RICO LEGISLATIVE ASSEMBLY:*

- 1 Section 1 - The Joint Resolution of the General Fund Budget for Fiscal Year 2021-
- 2 2022 certified on February 22, 2022 is amended from \$12,507,515,463 to \$12,555,515,463.
- 3 Section 2 - The appropriation "For the funding of a Loan to HTA to be provided
- 4 and repaid in accordance with terms to be agreed upon with the Oversight Board"

1 included within Appropriations under the custody of the Treasury in the Fiscal Year 2022  
2 General Fund Budget will be increased by forty eight million dollars (\$48,000,0000) from  
3 three hundred and fourteen million dollars (\$314,000,000) to three hundred and sixty  
4 two million dollars (\$362,000,000)

5 Section 3 - The Secretary of the Treasury is hereby authorized, on behalf of the  
6 Government of Puerto Rico, to make one or more loans or extend one or more credit  
7 facilities to the Puerto Rico Highways and Transportation Authority ("HTA"), pursuant  
8 to those agreed upon terms and conditions, to satisfy payments required in accordance  
9 with the POA, Confirmation Order, and Section 1(II)(D)(ii)(c) of this Resolution. HTA is  
10 also hereby authorized to receive the proceeds of such loan or credit facility, which shall  
11 be repaid pursuant to the terms and conditions agreed to with the Secretary of the  
12 Treasury. Terms and conditions of the loan to HTA are subject to approval by the  
13 Oversight Board.

14 Section 4 - The appropriation "For the funding of a Loan to HTA to be provided  
15 and replaid in accordance with terms to be agreed upon with the Oversight Board" is  
16 hereby extended until June 30, 2023

17 Section 5 - All other provisions in the Resolution of the General Fund Budget for  
18 Fiscal Year 2021-2022 certified on February 22, 2022 not amended herein shall remain in  
19 full effect.

20 Section 6 - This Resolution shall be adopted in both of Puerto Rico's official  
21 languages, Spanish and English. If in the interpretation or application of this Act any  
22 conflict arises between the English and Spanish texts, the English text shall govern.

1           Section 7 - This Resolution shall take effect immediately after enactment.



3 DE MAYO DE 2022

## RESOLUCIÓN

Para enmendar la Resolución Conjunta del Presupuesto General para el Año Fiscal 2022 de \$12,507,515,463 a \$12,555,515,463 para asignar fondos del Fondo General del Tesoro del Estado para el año fiscal que termina el 30 de junio de 2022

### EXPOSICION DE MOTIVOS

En el año 2016, Puerto Rico enfrentó una carga insostenible de más de \$70 mil millones en deuda y más de \$50 mil millones en obligaciones de pensiones no financiadas, lo que llevó al Gobierno de Puerto Rico al primer impago en su historia y a perder acceso a los mercados de capitales. Ese mismo año, el Congreso de los Estados Unidos aprobó la Ley de Supervisión, Administración y Estabilidad Económica de Puerto Rico ("PROMESA", por sus siglas inglés), para permitirle a Puerto Rico reestructurar su deuda, lograr la responsabilidad fiscal y recuperar el acceso a los mercados de capital.

PROMESA estableció la Junta de Supervisión y Administración Financiera para Puerto Rico ("JSF") y provee un mecanismo para que la JSF negocie con los acreedores en nombre de Puerto Rico para ajustar la deuda a niveles sostenibles. De conformidad con las disposiciones de PROMESA, la JSF presentó ante el Tribunal del Título III el Plan de Ajuste ("PDA"), para reestructurar la deuda de la Autoridad de Carreteras y Transportación de Puerto Rico ("ACT") el cual requiere ciertos pagos no recurrentes a acreedores. El Gobierno de Puerto Rico acordó extender un préstamo a la ACT para cubrir parte de estos pagos y la Resolución Conjunta para el Año Fiscal 2022 certificada el 22 de febrero de 2022 incluyó una asignación presupuestaria de \$314,000,000 para proveer el fondeo para el préstamo a la ACT. Existe ahora una necesidad de enmendar la Resolución Conjunta del Presupuesto del Fondo General para el Año Fiscal 2021-2022 para incrementar el monto del préstamo a la ACT por \$48,000,000.

*RESUÉLVASE POR LA ASAMBLEA LEGISLATIVA DE PUERTO RICO:*

- 1 Sección 1 - Se modifica la Resolución Conjunta del Presupuesto del Fondo General
- 2 para el Año Fiscal 2021-2022 certificada el 22 de febrero de 2022 de \$12,507,515,463 a
- 3 \$12,555,515,463.

Sección 2 - La asignación “Para financiar el Préstamo a HTA a proveerse y reembolsarse de acuerdo con los términos a convenir con la Junta de Supervisión” incluido dentro Asignaciones bajo la custodia de Hacienda en el Año Fiscal 2022 del Presupuesto del Fondo General se incrementará en cuarenta y ocho millones de dólares (\$48,000,000) de trescientos catorce millones de dólares (\$314,000,000) a trescientos sesenta y dos millones de dólares (\$362,000,000).

Sección 3 - Se autoriza al Secretario de Hacienda, en representación del Gobierno de Puerto Rico, a realizar uno o más préstamos o extender facilidades de crédito a la Autoridad de Carreteras y Transportación de Puerto Rico (“ACT”), de conformidad con aquellos términos y condiciones que sean acordados, para realizar los pagos requeridos de conformidad con el PDA, la Orden de Confirmación, y la Sección 1(II)(D)(ii)(c) de esta Resolución. Se autoriza a la ACT a recibir los fondos producto de dicho préstamo o facilidad de crédito, el cual será repagado de conformidad con los términos y condiciones acordados con el Secretario de Hacienda. Los términos y condiciones del préstamo a la ACT están sujetos a la aprobación de la Junta de Supervisión.

Sección 4 - La asignación “Para financiar el Préstamo a HTA a proveerse y reembolsarse de acuerdo con los términos a convenir con la Junta de Supervisión” se prorroga hasta el 30 de junio del 2023.

Sección 5 - Las demás disposiciones de la Resolución del Presupuesto del Fondo General para el Año Fiscal 2021-2022 certificadas el 22 de febrero de 2022 que no hayan sido modificadas en la presente permanecerán en pleno vigor.

1           Sección 6 - Esta Resolución se adoptará en los dos idiomas oficiales de Puerto Rico,  
2   español e inglés. Si en la interpretación o aplicación de esta Ley surgiera algún conflicto  
3   entre los textos en inglés y español, prevalecerá el texto en inglés.

4           Sección 7 - Esta Resolución entrará en vigor inmediatamente después de su  
5   aprobación.